



# Popular Annual Financial Report

## County of San Diego, California

Fiscal year ended June 30, 2012



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# About this Report

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## Citizens of San Diego County:


Our Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2012 was prepared by the Auditor and Controller's office to provide readers of interest an easy to understand summary of our financial activities. The data from this report was taken from our Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2012. Both reports are available online at [www.sdcountry.ca.gov/auditor/cafr.html](http://www.sdcountry.ca.gov/auditor/cafr.html).

The information included in this report contains an overview of the County's economy and outlook, an analysis of the County's financial position and key financial information concerning the County's investments, capital assets and debt. It also includes a summary of our General Management System, around which we have built a culture of operational excellence, and highlights the five County business groups. It also provides summaries of how the County's monies were received and spent and includes significant statistical and demographic data.

It is important to note that the financial data in this report is unaudited, includes information exclusively on primary government funds and is presented on a non-GAAP (Generally Accepted Accounting Principles) basis. This means that it excludes discrete component unit and fiduciary fund information, contains condensed financial information and does not provide all of the necessary financial statements and note disclosures required by GAAP.

We hope you enjoy reading this report and invite you to access our audited CAFR online for more detailed information on your County finances. We welcome your questions, comments and suggestions regarding the information in this report. You can contact our office at (619) 531-5413.



  
**Donald F. Steuer**  
Chief Financial Officer



  
**Tracy M. Sandoval**  
Auditor & Controller



**County Mission**  
To efficiently provide  
public services  
that build strong  
and sustainable  
communities.

# About San Diego County

## Board of Supervisors



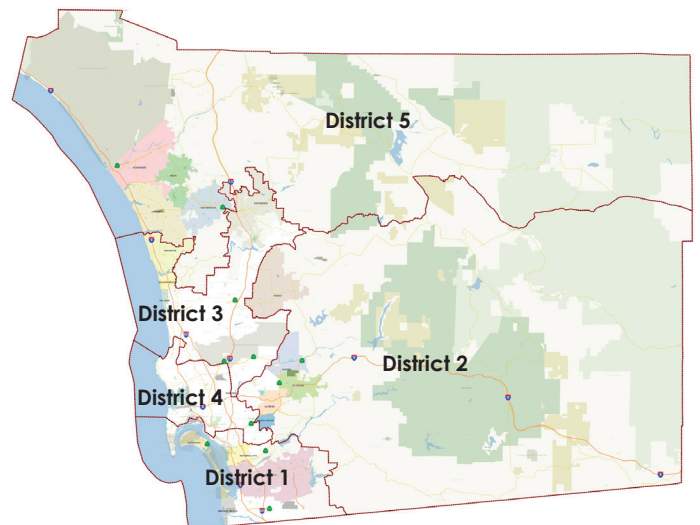
From left to right:  
**Ron Roberts**  
(District 4) Chairman  
**Dianne Jacob**  
(District 2)  
**Greg Cox**  
(District 1) Vice-Chairman  
**Pam Slater-Price**  
(District 3)  
**Bill Horn**  
(District 5)

The County was incorporated on February 18, 1850, and functions under a charter adopted in July 1933. A five-member Board of Supervisors elected to four-year terms in district nonpartisan elections governs the County. The Board of Supervisors appoints the following officers: the Chief Administrative Officer (CAO), the County Counsel, the Probation Officer and the Clerk of the Board of Supervisors. The Chief Administrative Officer appoints the Chief Financial Officer, the Auditor and Controller and all other appointive officers. Elected officials include the Assessor/Recorder/County Clerk, District Attorney, Sheriff and Treasurer-Tax Collector.

It is the second largest County by population in California behind Los Angeles County. There are 18 incorporated cities in the County; of them, the City of San Diego is the largest and Del Mar is the smallest. Tijuana, Mexico is a substantial urban neighbor with a shared border, workforce, and economy.

## San Diego County Population

Carlsbad	107,674
Chula Vista	249,382
Coronado	23,187
Del Mar	4,194
El Cajon	100,562
Encinitas	60,346
Escondido	146,064
Imperial Beach	26,609
La Mesa	58,296
Lemon Grove	25,603
National City	58,967
Oceanside	169,319
Poway	48,382
San Diego	1,321,315
San Marcos	85,569
Santee	54,643
Solana Beach	13,000
Vista	95,036
Unincorporated	495,281
<b>Total</b>	<b>3,143,429</b>



*Note: This map reflects the Supervisorial District boundaries as adopted by the Board of Supervisors on September 27, 2011.*

Source: Adopted Operational Plan Fiscal Years 2012-13 & 2013-14



# About San Diego County

## Statistics



Personal Income Per Capita  
\$49,468



School Enrollment  
498,263



Unemployment Rate  
9.2%



Adopted Annual Budget  
\$4.86 Billion

Sources: 2012 CAFR Statistical Table 13 and Adopted Operational Plan Fiscal Years 2011-2012 & 2012-2013

## County Economy and Outlook

The U.S. economy suffered through a very deep recession beginning in December 2007 and ending in June 2009 according to the National Bureau of Economic Research. The recession lasted approximately 18 months making it the longest recession since 1929. The economic events of September and October, 2008, in particular, have had far reaching and long-term impacts on the financial markets in the U.S. and around the world. In the second quarter of 2012, consumer price inflation was markedly lower than the first quarter, mostly reflecting declines in consumer energy prices. The unemployment rate improved compared to 2011; however, long duration unemployment has stayed elevated. Conditions in the housing market generally improved further in recent months, but activity remained at a low level against the backdrop of the large inventory of foreclosed and distressed properties and tight underwriting standards for mortgage loans. Households' real disposable income rose at a faster pace than consumer spending in both the first and second quarters, boosted in part in recent months by lower energy prices.

San Diego certainly shared the pain of the recession along with the rest of Southern California. The outlook for San Diego County for the second half of 2012 is for continued though moderate expansion. One indicator of economic health is county taxable sales. Growth in taxable sales is expected to continue in 2012 and 2013.

## Employment Mix [Industry<sup>1</sup>]



Government<sup>2</sup>  
218,600



Professional  
& Business  
Services  
217,700



Trade,  
Transportation  
& Utilities  
202,800



Leisure &  
Hospitality  
170,000



Educational  
& Health  
Services  
151,900



Manufacturing  
91,800



Financial  
Activities  
69,500



Construction  
58,400



Other  
Services  
48,400



Information  
Technology  
23,800



Farming  
9,600



Mining &  
Logging  
400

The state of the economy plays a significant role in the County's ability to provide core services and the mix of other services sought by the public. The real estate market slump has impacted the County's general purpose revenue. This revenue is relied upon to fund local services where no other funding is available, as well as to fund the County's share of costs for services that are provided in partnership with the State and federal government. The County is also adjusting to new roles and responsibilities in the areas of health, public safety and redevelopment.

County management continues to evaluate and respond to the changing economic environment and its impact on the cost and the demand for County services.

Sources: The National Bureau of Economic Research; Board of Governors of the Federal Reserve System Federal Open Market Committee Meeting Minutes July 31-Aug 1, 2012; Los Angeles County Economic Development Corporation - The Kyser Center for Economic Research: 2012-13 Economic Mid-Year Economic Forecast and Industry Outlook, July 2012; California State Board of Equalization; UCLA Anderson Forecast For the Nation and California June 2012.

{1} Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, and household domestic workers.  
{2} Excludes the U.S. Department of Defense.

Source: Adopted Operational Plan Fiscal Years 2012-13 & 2013-14



# Achievements

## Outstanding Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR Award) to the County of San Diego for its Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2011. The PAFR Award is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. In order to receive the PAFR Award, a government unit must publish a PAFR whose contents conform to program standards of creativity, presentation, understandability and reader appeal. A PAFR Award is valid for a period of one year only. We believe our current report continues to conform to the PAFR Award requirements, and we are submitting it to GFOA.

## County Strategic Initiatives

All County programs support at least one of the following County Strategic Initiatives and objectives:

### Kids

Improve opportunities for children and families.



- Help children be healthy and safe
- Promote and support family self-sufficiency
- Support parents and caregivers in helping children reach their full potential
- Enhance the prospects for success of children in the dependency system

### The Environment

Manage the region's natural resources to protect quality of life and support economic development.



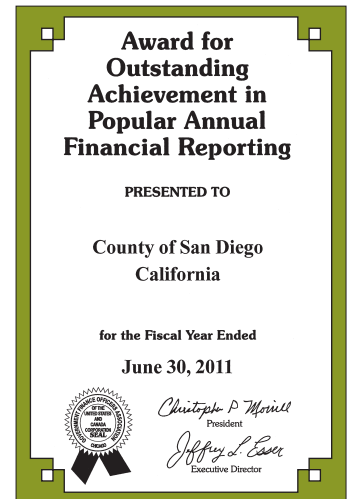
- Follow land use strategies that balance all the needs of County residents, support economic development, and promote the health, safety and sustainability of our communities
- Protect water and air quality and diverse habitats in the County
- Reduce environmental risk through partnerships as well as regulation

### Safe and Livable Communities

Promote safe and livable communities.



- Help communities prepare, respond and recover from disasters or public health threats
- Support crime prevention and the criminal justice system
- Assist vulnerable adults and seniors to be healthy, independent and vital
- Encourage communities to thrive



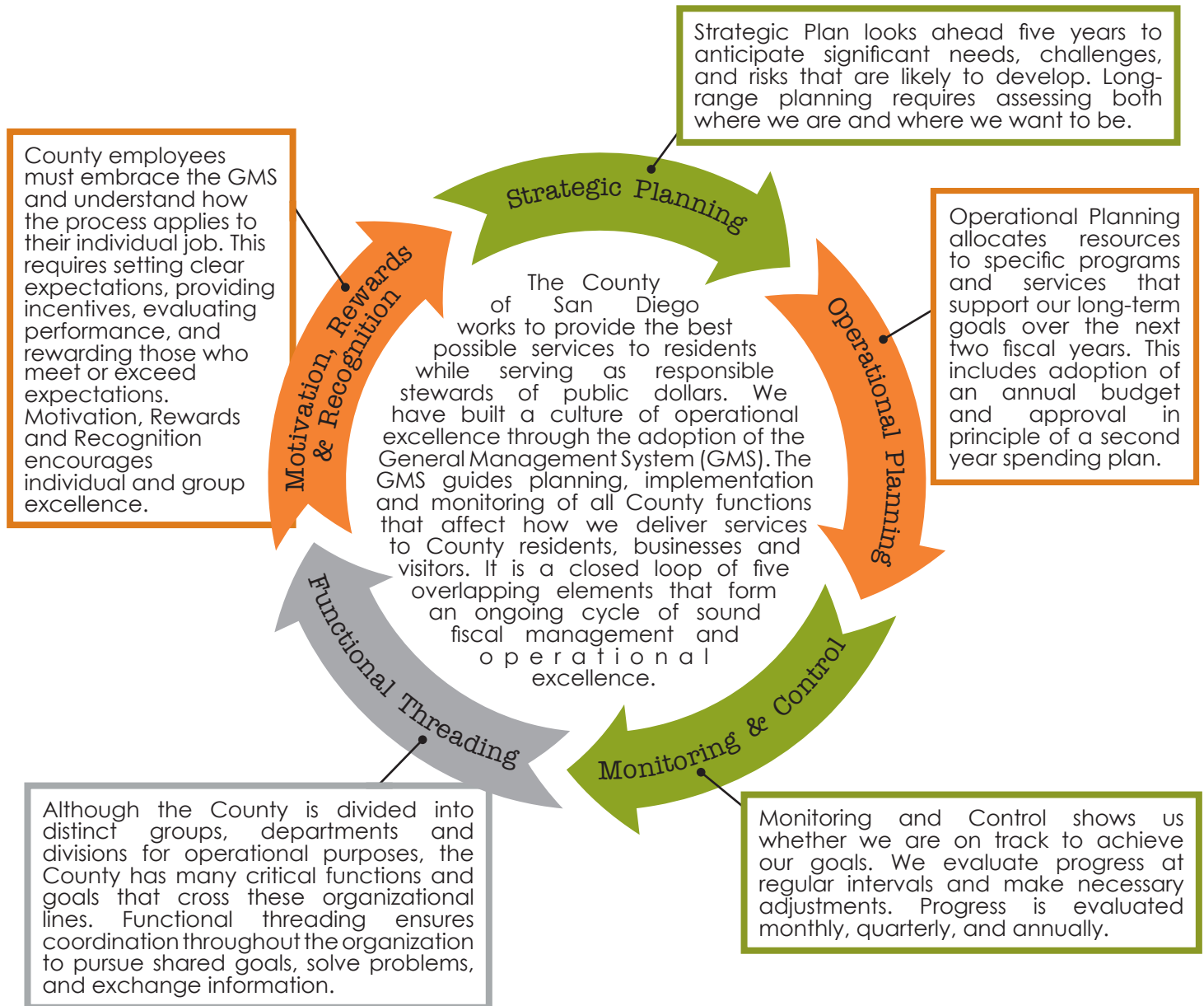
## Other Awards and Recognitions

Various County programs received awards for operational and service delivery achievements, technological innovations, and prudent fiscal management.

- California State Association of Counties (CSAC) gave a merit award for the Integrated Fire Suppression/Stormwater Compliance System - this system was developed in collaboration with area industry and other stakeholders to enhance safety, ecological stewardship, and efficiency.
- The Department of Housing and Community Development received a 2012 Award of Merit from the National Association of Housing and Redevelopment Officials for its Homelessness Prevention and Rapid Re-Housing Program. Since 2009, the program has provided housing to 77 homeless families and prevented 69 families from becoming homeless.
- Examples of the 2012 National Association of Counties Achievement Awards received included:
  - San Diego County Emergency Portal Website – a new emergency portal website that provides the public with updates on evacuations, shelters, interactive maps, and other critical information delivered to wherever people are – at home, at work, or on a mobile device.
  - "It's Up to Us" Mental Health Awareness and Stigma Reduction - a five-year mass media campaign designed to empower San Diegans to talk openly about mental illness, recognize symptoms, utilize local resources and seek help.
  - Deferred Compensation Women and Retirement Program - as part of a retirement planning and investment educational campaign for all County employees, this focused program presented an opportunity to incorporate education aimed at a clearly defined audience while addressing current objectives and reaching a whole new audience.

Note: Other Awards and Recognitions are listed in the 2012 CAFR Letter of Transmittal.

# The General Management System



## Community Services Group 2012 Achievements of Note

**Housing and Community Development...** Provided 21 competitive academic scholarships annually to heads of household and/or their children who have established five-year family self-sufficiency goals in academic or vocational self-sufficiency, or that reside in Public Housing, exceeding the goal of 10.

**Animal Services...** Achieved goal of 0% euthanasia of any healthy, friendly animal (16,611) by reuniting animals with their owner or through adoption.

**Purchasing and Contracting...** Received a national award for "Achievement of Excellence in Procurement" for the eleventh consecutive year, placing San Diego County within the top 1% of over 3,000 counties nationwide.

**Registrar of Voters...** Enhanced the processing efficiency of vote-by-mail ballots by maintaining an automated mail ballot processing system to screen, scan, sort, verify signature, and slice returned mail ballot envelopes; and verified and reconciled ballots returned and counted in the June 2012 Presidential Primary election.



# County Financials

## Government-Wide Statement of Net Assets

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$4.03 billion at the close of fiscal year 2012, an increase of \$205.5 million or 5.4% over fiscal year 2011. This included an increase of \$111 million in the County's restricted and unrestricted net assets (an 11% increase over fiscal year 2011) and an increase of \$95 million in capital assets, net of related debt (a 3% increase over fiscal year 2011).

The largest portion of the County's net assets (73%) reflects its investment of \$2.93 billion in capital assets, net of related debt (which includes: land, easements, infrastructure, buildings, software and equipment; less any related outstanding debt used to acquire those assets). The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated for these liabilities.

An additional portion of the County's net assets, i.e. restricted net assets equaled \$553 million and represents resources that are subject to external restrictions on how they may be used. External restrictions include those imposed by grantors, contributors and laws and/or regulations of other governments. The remaining portion of net assets includes \$542 million in unrestricted net assets.

June 30, 2012 and 2011  
{In thousands}

	Total Primary Government	
	2012	2011
<b>Assets</b>		
Current and other assets	\$ 3,311,091	3,180,723
Capital assets	3,294,862	3,221,697
<b>Total assets</b>	<b>6,605,953</b>	<b>6,402,420</b>
<b>Liabilities</b>		
Long-term liabilities	2,050,639	2,075,702
Other liabilities	526,722	503,635
<b>Total liabilities</b>	<b>2,577,361</b>	<b>2,579,337</b>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	2,933,430	2,838,508
Restricted	553,249	530,828
Unrestricted	541,913	453,747
<b>Total net assets</b>	<b>\$ 4,028,592</b>	<b>3,823,083</b>

Source: 2012 CAFR Management's Discussion and Analysis Table 1

2012 CAFR is available at:  
[www.sdcountry.ca.gov/auditor/cafr.html](http://www.sdcountry.ca.gov/auditor/cafr.html).

## Key Terms

Here are some definitions that will take the mystery out of the accounting terms you will find throughout the financial sections of this report.

**Government-Wide:** This PAFR presents the balance sheet (statement of net assets) which includes assets, liabilities and net assets. It also presents the income statement (statement of changes in net assets) which includes revenue and expense information.

**Governmental Funds:** The County maintains various governmental funds that are used to account for tax, program and other miscellaneous revenues.

**Business-type Funds:** The County maintains various business-type funds that are used to account for activities for which a fee is charged to external users for goods or services.

**Primary Government:** Includes all of the governmental and business-type activities belonging to the County but excludes the discrete component unit and fiduciary funds.

**Assets:** What is owned by the County.

**Liabilities:** What the County owes.

**Net Assets:** The difference between the County's assets and liabilities. It is the net worth of the County.

**Current and other assets:** Includes such items as pooled cash and investments, cash and investments with fiscal agents, receivables, internal balances, inventories, deposits with others, prepaid items and deferred charges.

**Capital assets:** Includes such items as County land, easements, construction in progress, buildings and improvements, software, equipment, infrastructure, and accumulated depreciation/amortization, if applicable.

**Long-Term liabilities:** Includes such items as bonds, loans, compensated absences, and other County obligations.

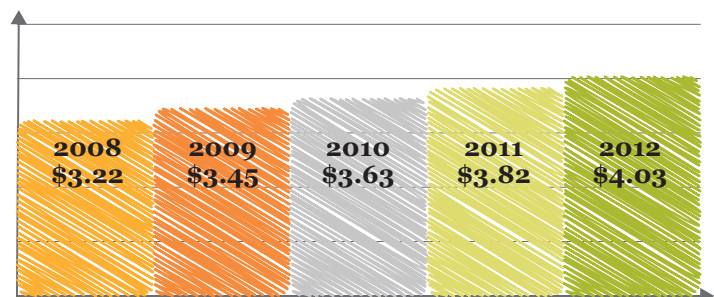
**Other Liabilities:** Includes such items as payables, payroll, accrued interest and unearned revenue.

**Invested in capital assets, net of related debt:** Represents amounts invested in capital assets less accumulated depreciation/amortization and any outstanding debt used to acquire these assets.

**Restricted:** What is not available for use by the County because it is set aside for a particular use.

**Unrestricted:** One-time funds available for the County to use for operations.

Total Net Assets  
for Fiscal Years 2008-2012  
(In billions)



# County Financials

## Government-Wide Statement of Changes in Net Assets

Program revenues are those that derive directly from the program itself or from other parties, not the taxpayers; while general revenues are those not required to be reported as program revenues. All expenses are reported under a specific function - a group of related activities aimed at accomplishing a major service or regulatory program for which a government is responsible.

Notable changes in revenues between fiscal years 2011 and 2012 are attributable in part to: increases in revenue consisting of \$52 million in coverage initiative funding for the low income health program, \$37 million in California Assembly Bill 1484 true-up property taxes from Successor Agencies, \$25 million in one-time court settlement monies related to the 2007 wildfires, \$23 million in local community corrections realignment revenues, and \$21 million in State Proposition 172 revenues; coupled with a decrease of \$18 million in Teeter property taxes.

## County Revenues & Expenses for Fiscal Years 2008-2012

(In billions)

	2008	2009	2010	2011	2012
Revenues	\$3.87	\$3.89	\$3.78	\$3.81	\$3.96
Expenses	\$3.60	\$3.67	\$3.60	\$3.62	\$3.76

For the Years Ended  
June 30, 2012 and 2011  
{In thousands}

Total Primary  
Government  
2012 2011

### Revenues:

Program revenues		
Charges for services	\$ 542,831	526,306
Operating grants and contributions	2,318,061	2,213,490
Capital grants and contributions	11,005	25,329
General revenues		
Property taxes	616,183	580,570
Other taxes	17,200	16,207
Property taxes in lieu of vehicle license fees	304,614	303,625
Sales and use taxes	25,055	22,457
Investment earnings	13,489	22,606
Other	110,885	104,267
Total revenues	3,959,323	3,814,857

### Expenses:

Governmental Activities:		
General government	271,485	229,767
Public protection	1,179,815	1,128,967
Public ways and facilities	132,166	130,239
Health and sanitation	790,907	721,939
Public assistance	1,175,678	1,191,559
Education	34,669	35,734
Recreation and cultural	36,128	36,699
Interest	102,338	106,381
Business-type Activities:		
Airport	12,736	12,876
Sanitation district	22,335	21,699
Wastewater management	5,980	5,806
Total expenses	3,764,237	3,621,666
Changes in net assets before extraordinary gain	195,086	193,191
Extraordinary gain	10,423	
Change in net assets	205,509	193,191
Net assets at beginning of year	3,823,083	3,629,892
Net assets at end of year	\$ 4,028,592	3,823,083

Source: 2012 CAFR Management's Discussion and Analysis Table 2

## Revenues and Expenses Defined

### Revenues:

**Charges for services** - Fees charged for licenses, permits and franchises, fines, forfeitures, penalties and other fees.

**Operating grants and contributions** - Aid from local, state and federal agencies.

**Capital grants and contributions** - Federal and state grants for capital activities and donations made from external entities e.g. developers.

**Property taxes** - County property taxes levied.

**Other taxes** - Other taxes levied such as transit occupancy tax and real property transfer tax.

**Property taxes in lieu of vehicle license fees** - Property taxes collected in lieu of vehicle license fees.

**Sales and use taxes** - A consumption tax charged at the point of purchase for certain goods and services.

**Investment earnings** - Earnings on County investments.

**Other** - Includes various miscellaneous revenue types that are not reported in aforementioned categories.

### Expenses:

**General government** - Services provided by support departments such as the Assessor/Recorder/County Clerk, Auditor & Controller, Treasurer-Tax Collector, County Counsel, Board of Supervisors and the County Technology Office.

**Public protection** - Services provided by departments such as Agriculture Weights and Measures, District Attorney, Department of Animal Services, Office of Emergency Services, fire protection Permanent Road Divisions, Medical Examiner, Probation, and Sheriff.

**Public ways and facilities** - Services provided by departments such as roads Permanent Road Divisions, Public Works, Aviation and the San Diego Lighting Maintenance District.

**Health & sanitation** - Services provided by departments such as Air Pollution Control, ambulance and paramedic County Service Areas, Environmental Health, Health and Human Services Agency, Public Works, Inactive Waste Site Management and various Sanitation Districts.

**Public assistance** - Services provided by departments such as Health and Human Services, Housing Authority, Probation and In Home Supportive Services Public Authority.

**Education** - Services provided by departments such as the County Library, and Farm & Home Advisor.

**Recreation and cultural** - Services provided by departments such as park County Service Areas, Local Park Planning Areas and Parks and Recreation.

**Interest** - Expenses associated with County debt.

**Airport** - Expenses related to the maintenance, operations and development of County airports. A major objective of the airport program is to purchase and develop airport property in order to create tax revenues and create jobs in the private sector.

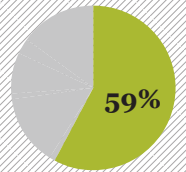
**Sanitation District** - Expenses related to the operations of the sanitation district governed under the Board of Supervisors.

**Wastewater Management** - Expenses related to the operations and support provided to the sanitation district governed by the Board of Supervisors.

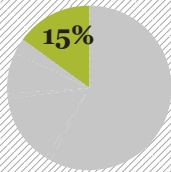


# County Financials

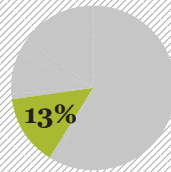
## Where the money comes from...



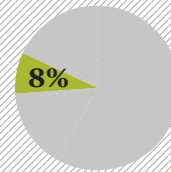
**Operating and Capital grants and contributions**



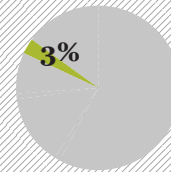
**Property taxes**



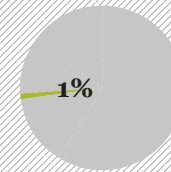
**Charges for services**



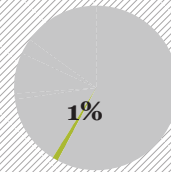
**Property taxes in lieu of vehicle license fees**



**Investment earnings and Other**

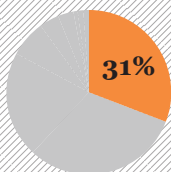


**Sales and use taxes**

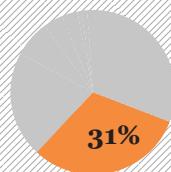


**Other taxes**

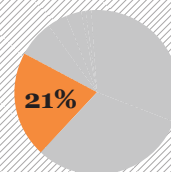
## Where the money goes...



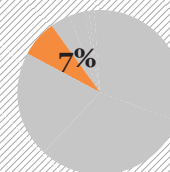
**Public assistance**



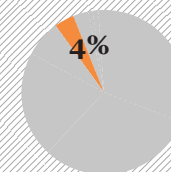
**Public protection**



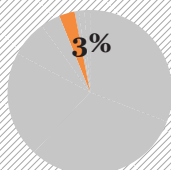
**Health and sanitation**



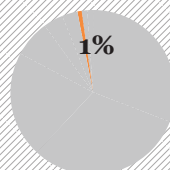
**General government**



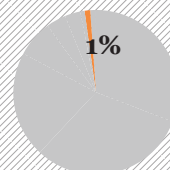
**Public ways and facilities**



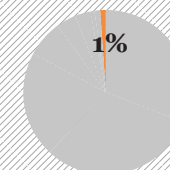
**Interest expense**



**Business-type activities**



**Education**



**Recreation and cultural**

## Land Use and Environment Group

### 2012 Achievements of Note

**Public Works...** Protected a sustainable watershed. For example, removed 25,404 cubic yards of debris from culverts, drainage channels and roads (goal was 25,000) through a systematic cleaning program to prevent pollution of the county's rivers, bays and ocean.

**Parks and Recreation...** Received a 2011 National Recreation and Park Association's Commission for Accreditation of Park and Recreation Agencies certifying the department as a national accredited parks and recreation system for its excellence in operation and service. The department met all 144 Fundamental Standards and is the first accredited county in California.

**Agriculture, Weights & Measures...** Protected residential gardens and commercial produce from insidious pest infestations and avoided the widespread use of pesticides against new pests by placing and maintaining traps designed for early pest detection.

**Air Pollution Control District...** Reduced schoolchildren's exposure to both cancer-causing and smog-forming air pollution by expending State Lower-Emission School Bus Program funding. Over the life of the program 240 older, higher emitting buses operating in the region have been replaced or retrofitted.

# Key Financial Information

## County Pooled Investments

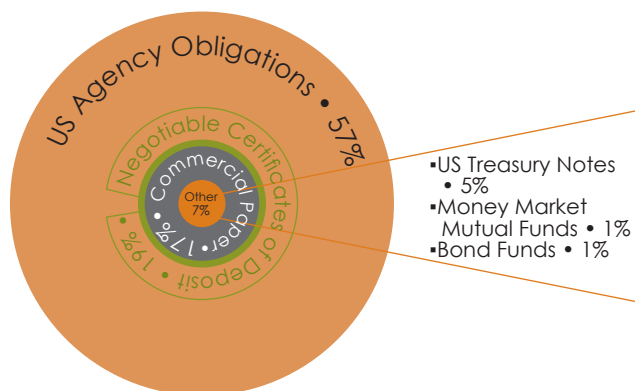
The County investment practices and policies are based upon state law and prudent money management. The objectives of the Pooled Investment Policy are:

- Safeguard the principal of the funds under the County Treasurer's control.
- To meet the liquidity needs of the participants.
- To achieve an investment return on the funds under the control of the County Treasurer within the parameters of prudent risk management.

Pooled Investments (In Thousands)		
Investment	Fair Value	Standard & Poor's Rating
US Agency obligations	\$ 3,452,494	A-1+/AA+
US Treasury notes	286,075	AA+
Commercial paper	1,049,982	A-1/A-1+
Money market mutual funds	79,275	AAA
Negotiable certificates of deposit	1,185,002	N/A
Bond funds	35,105	AA
<b>Total investments</b>	<b>\$ 6,087,933</b>	

*Note: Data presented in this chart excludes investments with fiscal agents.*

Source: 2012 CAFR Notes to the Financial Statements Table 7



Credit ratings are forward-looking opinions about credit risk. This year the County pool (Pool) remained rated AA+ by Standard & Poor's (S&P). The 'AA+' rating indicates the highest level of protection against losses from credit defaults, whereas the 'S1' volatility rating indicates that the Pool possesses low-sensitivity to changing market conditions.

The County's Pooled Money Fund Investment Policy and California State Law set minimum credit ratings for each type of investment held by the Pool. AA+ is the highest quality S&P rating an investment can receive.

## Health and Human Services Agency 2012 Achievements of Note

**Behavioral Health...** Supported educational growth and overall well-being of adolescents who completed alcohol and drug treatment by ensuring 97% (766 of 790) either completed high school (or the equivalent) or were enrolled in an educational setting, above target of 90%.

**Aging & Independent Services...** Assisted veterans and their families to utilize financial education opportunities by notifying 100% (7,241) within 14 days of the result of their college tuition waiver application, above target of 98%.

**Public Health Services...** Ensured preventive health examinations were performed to identify and correct health issues for 87% (2,553 of 2,932) of children in out-of-home placement, above target of 85%.

**Administrative Support...** Educated the public to make positive health choices through numerous press releases, media advisories, and press conferences such as Tips for Dealing with Holiday Loneliness, Anxiety and Depression in November 2011 and the Love Your Heart campaign in February 2012.



# Key Financial Information

## Capital Assets

[In thousands]

This chart depicts the outstanding capital assets, net of depreciation/amortization, as of June 30, 2012 for both Business-type and Governmental funds.

At June 30, 2012, the County's capital assets, net of depreciation/amortization totaled \$3.29 billion. Capital assets are used to provide services to county residents. Some of the significant capital asset activity in fiscal year 2012 was as follows:

\$59.0 million towards the construction of the County Operations Center Phase IB.

\$29.8 million towards the construction and improvement of County maintained roads, bridges and other road related infrastructure.

\$24.6 million towards the Chesapeake land acquisition.

\$24.2 million towards development of various software applications.

\$20.4 million towards acquisition of equipment.

\$3.5 million towards improvements of the Sanitation District.

\$1.3 million towards improvements at various Airports.



## Public Safety Group 2012 Achievements of Note

**Sheriff...** Maintained a focus on Border Security by continuing the Border Crime Suppression Team (BCST), originally funded with American Recovery and Reinvestment Act (ARRA) funds that expired in December 2011. BCST maintained proactive, intelligence driven missions targeting those who violate local and/or State criminal statutes and exceeded most of its goals.

**District Attorney...** Collaborated with criminal justice partners and social service providers and developed protocols for a High Risk Domestic Violence Team in the central region of San Diego County to support improved outcomes for victims of domestic violence. The team now meets regularly, reviewing cases and providing resources to individuals and families.

**Probation...** Educated crime victims of their constitutional rights and provided victim input to the Court regarding sentencing, restitution and other conditions of probation. For example, contacted 99% (12,276 of 12,304) of available victims and informed them of their right to restitution and a victim impact statement, exceeding the goal of 95%.

**Emergency Services...** Provided "OES for Kids" presentations at local educational institutions to 621 fourth-grade students. These presentations were created to increase student awareness of the importance of preparing for disasters and to help their families either start, or augment, their home emergency plan. The program positively displays the message of preparedness in a fun and interactive environment with hands-on activities.



# Key Financial Information

## Long-Term Debt

### Certificates of Participation and Lease Revenue Bonds (COP/LRB)

COP/LRB provide funds for the acquisition and construction of major capital facilities and equipment. The repayment of these COP/LRB is secured by a lease structure where the borrowing entity leases certain properties to another entity, a lessor, which in turn leases the properties back to the borrower. These lessors are the San Diego County Capital Asset Leasing Corporation (SANCAL), and the San Diego Regional Building Authority (SDRBA).

### Taxable Pension Obligation Bonds (POB)

POB are issued by the County to reduce its pension unfunded actuarial accrued liability and to achieve interest rate savings by issuing bonds at interest rates which are less than the assumed rate of return earned on proceeds placed in the San Diego County Employees Retirement Association's pension plan. They are also issued to refund previously issued Pension Obligation debt.

### Tobacco Settlement Asset-Backed Bonds (TSAB)

TSAB are issued by the Tobacco Securitization Joint Powers Authority of Southern California to securitize future revenue streams available to the County pursuant to various agreements.

### Loans

Loans provide funds for the construction of low income housing, for various projects in County facilities to increase energy efficiency; and for the construction of a sewer line and installation of a control tower, at the Ramona Airport.

## Credit Rating Scales

Sources:

- <http://www.moodys.com/ratings-process/Ratings-Definitions/002002>
- <http://www.standardandpoors.com/ratings/>
- [http://www.fitchratings.com/creditedesk/public/ratings\\_definitions/index.cfm](http://www.fitchratings.com/creditedesk/public/ratings_definitions/index.cfm)

### Credit Ratings

	Moody's	Standard & Poor's	Fitch
Issuer Rating	Aa1	AAA	AAA
Certificates of Participation San Diego County Capital Asset Leasing Corporation (SANCAL)	Aa3	AA+	AA+
Certificates of Participation San Diego Regional Building Authority (SDRBA) Metropolitan Transit System Towers	Aa3	AA+	AA+
Lease Revenue Bonds SDRBA County Operations Center 1A	Aa3	AA+	AA+
Refunding Lease Revenue Bonds SDRBA San Miguel	A1	AA+	not rated
Pension Obligation Bonds	Aa2	AA+	AA+
Tobacco Settlement Asset-Backed Bonds - Series 2006A1 (Senior)	B1	BBB	not rated
Tobacco Settlement Asset-Backed Bonds - Series 2006A2 (Senior)	B3	BB+	not rated
Tobacco Settlement Asset-Backed Bonds - Series 2006A3 (Senior)	B2	B+	not rated
Tobacco Settlement Asset-Backed Bonds - Series 2006B (First Subordinate)	not rated	CCC+	not rated
Tobacco Settlement Asset-Backed Bonds - Series 2006C (Second Subordinate)	not rated	CCC	not rated
Tobacco Settlement Asset-Backed Bonds - Series 2006D (Third Subordinate)	not rated	CCC	not rated

Source: 2012 CAFR Management's Discussion and Analysis Table 3

Low..... High

### Moody's



### Standard & Poor's



### Fitch



Note: S&P and Fitch use a plus (+) or minus (-) to show relative standing within its major rating categories. Moody's applies numerical modifiers 1, 2, and 3 to each generic rating classification from Aa to Caa where 1 indicates ranking at the higher end, 2 is mid-range and 3 ranks at the lower end of its category.



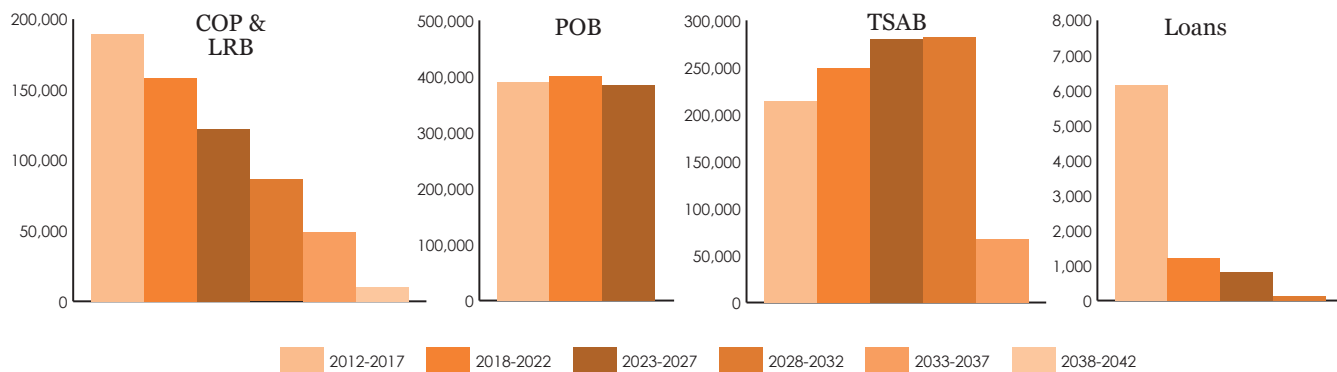
# Key Financial Information

## Long-Term Liabilities

At June 30, 2012 the County's long-term liabilities totaled \$2.051 billion: \$1.792 billion in long-term debt principal of certificates of participation, bonds and loans; and \$259 million of other long-term liabilities including capital leases, claims & judgments, compensated absences, landfill postclosure, pollution remediation, arbitrage, and unamortized premiums, discounts and deferred amounts on refundings.

### County Debt Service Requirements to Maturity

{In thousands}



Note: This chart includes debt principal, unaccrued appreciation and interest.

## Finance and General Government Group

### 2012 Achievements of Note

**Assessor/Recorder/County Clerk...** Located, identified and appraised all property so the public and businesses are assured a fair and uniform assessment of their property under the auspices of all applicable State property tax laws, rules and regulations.

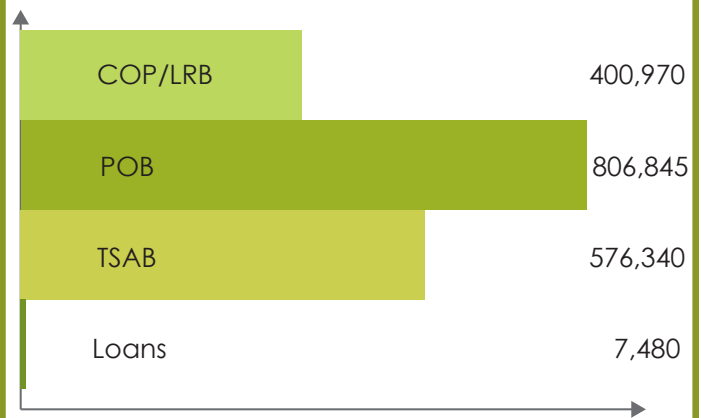
**Treasurer-Tax Collector...** Provided a learning platform and forum to address current government finance issues by facilitating three seminars including the Investment Symposium (61 attendees), the Debt Symposium (81 attendees) and Fraud Prevention (122 attendees).

**Human Resources...** Redesigned the Sheriff's Cadet recruitment process to expedite the processing of quality candidates. The new process has resulted in a 354% decrease in the amount of time between the candidates' completion of the initial application and the final background verification.

**Auditor and Controller...** Completed the upgrade of Oracle Enterprise Business Suite Financials, the County's key financial application, from version 11.5.7 to 12.1.3. The upgrade of this application, which supports the County's overall financial management, implemented improvements that were identified through business process reengineering efforts, providing for the most efficient use of this application.

### County Principal Debt Outstanding

{In thousands}

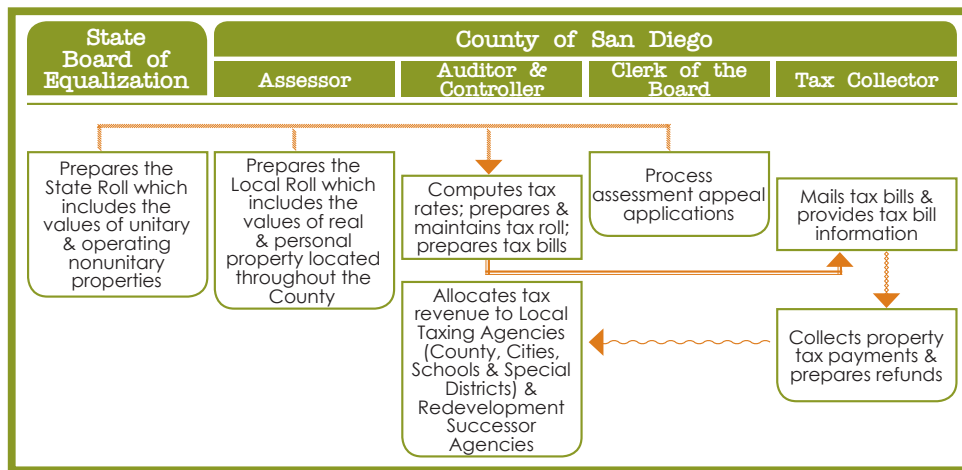


# Property Tax

## The Property Tax Process

The Administration of property taxes is the responsibility of four departments of the County of San Diego: the Assessor, Auditor & Controller (Auditor), Clerk of the Board and Tax Collector. This diagram depicts the property tax process.

Source: 2012 Property Valuations, Tax Rates, Useful Information for Taxpayers.



## Property Tax Allocation

The County collected \$3.82 billion of the 1% property tax as of June 30, 2012. This chart shows the Fiscal Year 2012 Property Tax Collection Allocation.

{1} Represents the exchange of Property Tax for Cities and County Vehicle License Fee as authorized under Senate Bill 1096, chaptered August 5, 2004.  
 {2} Represents the exchange of Property Tax for Cities and County Sales and Use Tax as authorized under Assembly Bill 1766, chaptered August 2, 2003.  
 {3} The collection allocated to the Educational Revenue Augmentation Fund (ERAF) was used to pay the in lieu of vehicle license fee (VLF) and in lieu of sales and use tax (SUT) to the County and Cities.  
 {4} Includes districts under the Board of Supervisors.  
 {5} Cities' 1% Collection Allocation report.  
 {6} The redevelopment agencies were dissolved in Fiscal Year 2011-12 (ABx1 26). Their share of property taxes were deposited to the redevelopment successor agencies' Redevelopment Property Tax Trust Fund (RPTTF).

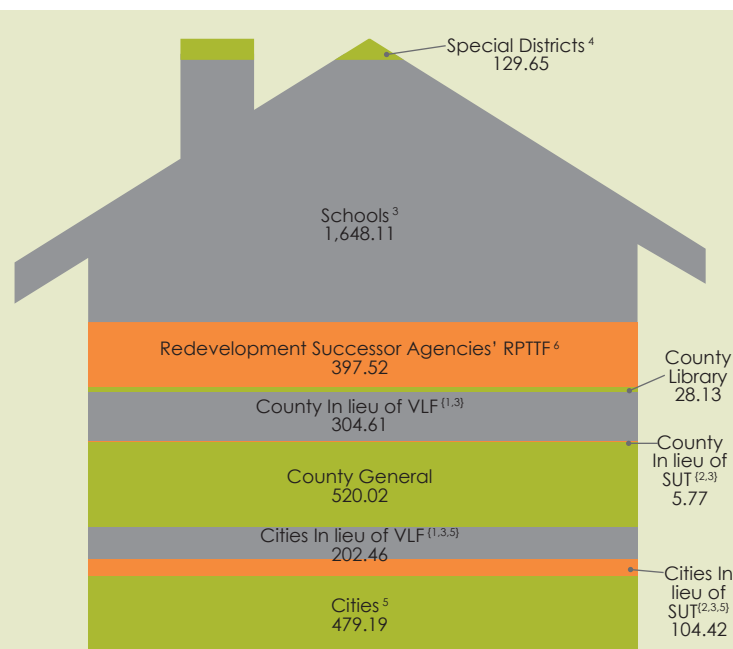
The \$1.00 per \$100 of Assessed Value (Proposition 13) tax rate beginning in Fiscal Year 1979 is distributed according to State Law on a percentage basis to each of the eligible taxing agencies in the County.

Overlapping rates for cities, schools and special districts are chargeable to property owners within their respective tax rate areas (TRA). Overlapping rates do not apply to all property owners (e.g., the rates for special districts apply only to property owners whose property is located within the geographic boundary (TRA) of the special district.

	Direct Rate +	Overlapping Rates			= Total
	County of San Diego	Cities	Schools	Special Districts	
2008	1.000	.005	.058	.009	1.072
2009	1.000	.004	.050	.007	1.061
2010	1.000	.004	.063	.008	1.075
2011	1.000	.004	.066	.008	1.078
2012	1.000	.004	.073	.009	1.086

Tax Term:

Tax Rate Area: A specific geographic area all of which is within the jurisdiction of the same combination of local agencies and school entities for the current fiscal year.



Note: Amounts shown in millions

Sources: 2012 CAFR Statistical Table 8; Details of the Property Tax Collection Allocation were provided by the County Auditor and Controller's Property Tax Services Division

## The Property Tax Rate

To generate the annual secured tax roll, the County Auditor applies the one percent (1%) tax rate set by Proposition 13, enacted in 1978, and other tax rates for voter approved debt to the combined assessed valuation roll. Additionally, the County Auditor compiles the fixed charge special assessments to be included in the tax roll on behalf of local governmental entities.

Sources: 2012 CAFR Statistical Table 6; Details of the direct and overlapping rates were provided by the County Auditor and Controller's Property Tax Services Division.

# The New County Boundaries

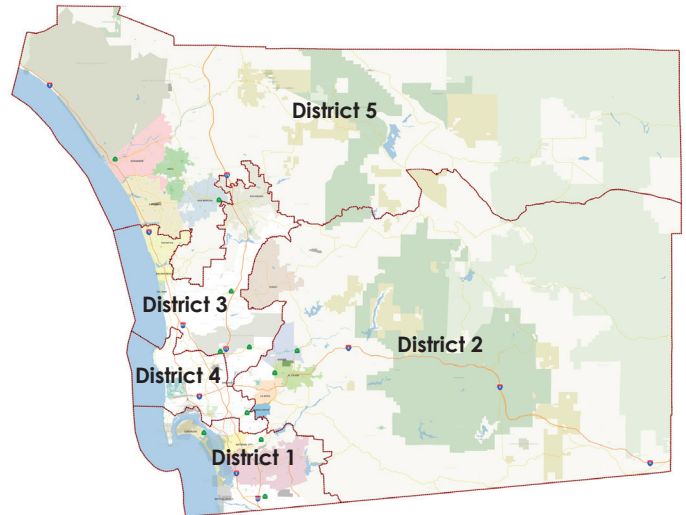
## Supervisory District Boundaries

Every ten years following the Federal Census, the County is called upon to redistrict the five Supervisory districts. There are two legal sources that specifically govern the redistricting process. They are the California Elections Code and the Charter of the County of San Diego. The result of the County's redistrict process adopted on September 27, 2011 is shown below.

Before



After



## Redistricting Codes

1

California Elections Code Section 21500 requires the following:

- A board of supervisors shall adjust the boundaries of any or all of the supervisory districts of the county so that the districts shall be as nearly equal in population as may be.
- Counties must comply with the Federal Voting Rights Act.
- In establishing the boundaries of the districts a board of supervisors may give consideration to the following factors: {a} topography, {b} geography, {c} cohesiveness, contiguity, integrity, and compactness of territory, and {d} community of interests of the districts.

2

Charter of the County of San Diego Section 400.1 provides the following:

The districts of the County shall be reapportioned by the Board in the manner specified by general law and in such a way that the area of at least two districts is as substantially outside the City of San Diego as the population will permit. Failure of the Board of Supervisors to so redistrict within one year constitutes misconduct in office.

## More information...

The County's internet home page – <http://sdpublic.sdcounty.ca.gov/> provides a link to assist our citizens to find their District. Click on the "Find My District" section under the Board of Supervisors, and then enter your address or zip code.

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